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EXAMINER

PASS, NATALIE

ART UNIT	PAPER NUMBER
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3626

DATE MAILED: 09/23/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/648,582

Applicant(s)

ASHFORD ET AL.

Examiner

Natalie A. Pass

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 21 June 2004 and 3 August 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-30 and 55-58 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-30 and 55-58 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- ☐ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____
- ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- ☐ Notice of Informal Patent Application (PTO-152)
- ☐ Other: _____

Notice to Applicant

1. This communication is in response to the amendments filed 21 June 2004 and 3 August 2004. Claims 1-30 and 55 have been amended. Claims 31-54 have been withdrawn. Claims 56-58 have been newly added. Claims 1-30 and 55-58 remain pending.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

3. Claims 4 and 58 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

- Claim 4 recites "wherein the incentive administrator is identical to the incentive administrator," in lines 3-4. It is unclear what the phrase means. Appropriate correction is required. For the purpose of finding art, Examiner interprets the claim to recite, "wherein the incentive administrator administers the incentives."
- Claim 58 recites "an apparatus according to claim 18 further comprising the step of" in the preamble, however claim 18 recites a method and not an apparatus. On the other hand, claim 55 recites an apparatus. As such it is unclear whether in claim 58 Applicant seeks patent protection for a method or for an apparatus. Please note MPEP section 2106. For the purpose of finding art, Examiner interprets the claim to recite, "an apparatus according to claim 55."

4. The rejection of claim 9 under 35 U.S.C. §112 for being incomplete is hereby withdrawn due to the amendment filed 3 August 2004.

Claim Rejections - 35 USC §101

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requires of this title.

6. Claims 1-13, 18-30, 56-57 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter for substantially the same reasons given in the previous Office Action (paper number 8). Further reasons appear below.

(A) The amendments to claims 1-13, 18-30 have not altered the basis for the rejection given in the previous Office Action (paper number 8, section 5, pages 3-5).

Claims 1-13, 18-30 have been amended to recite technology in the preamble. As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble. As such, the rejection of claims 1-13, 18-30 under 35 U.S.C. 101 still stands.

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(B) Newly added claims 56-57 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, claims 56-57 only recite abstract ideas. The recited claims detailing the steps of identifying physicians, identifying defining procedures, and assigning physicians do not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil and paper. These steps only constitute different parts of a method and system of providing a monetary incentive to a provider and of automatically processing claims to determine an incentive.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention produces a monetary incentive amount (i.e., repeatable) that can be used in providing financial incentives to providers (i.e., useful and tangible).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 56-57 are deemed to be directed to non-statutory subject matter.

Claim Rejections - 35 USC § 103

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claims 1-13, 18-24, 26-28, 55-58 are rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 in view of Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <<http://www.phrplus.org/Pubs/hfsmar1.pdf>>, hereinafter known as Bitran for substantially the same reasons given in the prior Office Action (paper number 8). Further reasons appear hereinbelow.

(A) Claim 1 has been amended to include the recitation of

- "[...] computer -implemented [...]" at line 1 in the preamble;
- "[...] as determined by an incentive administrator, payable by a payer to a healthcare provider who decides a course of treatment for a patient with a condition during an episode of care [...]" at lines 2-4 in the preamble;

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- "[...] evaluating...obtained by a diagnosis performed by the healthcare provider [...]" at lines 5-6;
- "[...] creating an episode of care based upon the diagnosis of the healthcare provider and a decided course of treatment [...]" at lines 7-8; and
- "[...] wherein a portion of the monetary incentive is retained by the incentive administrator [...]" at lines 14-15.

As per these new limitations, Spiro and Bitran teach a method, as analyzed and disclosed in the previous Office Action (paper number 8), further comprising:

a computer-implemented method (Spiro, see at least Figure 1, Figure 5, column 2, lines 8-22, column 6, lines 42-49) of providing a medical incentive as determined by an incentive administrator, payable by a payer to a healthcare provider who decides a course of treatment for a patient with a condition during an episode of care (Spiro; column 2, lines 38-55, column 3, lines 11-21, column 8, line 36 to column 9, line 9), (Bitran; page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4, page 18, paragraph 1, page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2), the method comprising the steps of:

evaluating the condition of the patient obtained by a diagnosis performed by the healthcare provider (Spiro; see at least Abstract, Figure 1, Item 22, Figure 2, Items 22 and 24, column 2, lines 47-55, column 3, lines 39-45, column 4, line 29 to column 5, line 5, column 5, lines 20 to column 7, line 3, column 8, line 50 to column 11, line 5), (Bitran; page 30, paragraph 6 to page 31, paragraph 1, page 38, paragraphs 2-3);

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creating an episode of care based upon the diagnosis of the healthcare provider and a decided course of treatment (Spiro; column 2, line 47 to column 3, line 30, column 7, lines 15-26); and

determining a monetary incentive to pay to the healthcare provider ... wherein a portion of the monetary incentive is retained by the incentive administrator (Bitran; page 13, paragraph 4 to page 14, paragraph 3, page 15, paragraphs 3-5, page 27, lines 17-28, page 28, paragraph 1-2, page 37, paragraph 3).

The remainder of claim 1 is rejected for the same reasons given in the prior Office Action (paper number 8, section 7, pages 5-7), and incorporated herein.

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 in the prior Office Action (paper number 8) and incorporated herein.

(B) Claim 18 has been amended to include the recitation of

- "[...] computer -implemented [...]" at line 1 in the preamble;
- "[...] as determined by an incentive administrator, payable by a payer to a healthcare provider who decides a course of treatment for a patient with a condition during an episode of care [...]" at lines 2-4 in the preamble;
- "[...] based on diagnoses of the healthcare provider [...]" at line 6;
- "[...] wherein a portion of the monetary incentive is retained by the incentive administrator [...]" at lines 16-17.

As per these new limitations, Spiro and Bitran teach a method, as analyzed and disclosed in the previous Office Action (paper number 8), further comprising:

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a computer-implemented method (Spiro, see at least Figure 1, Figure 5, column 2, lines 8-22, column 6, lines 42-49) of automatically processing claims to determine an incentive as determined by an incentive administrator, payable by a payer to a healthcare provider who decides a course of treatment for a patient with a condition during an episode of care (Spiro; column 2, lines 38-55, column 3, lines 11-21, column 8, line 36 to column 9, line 9), (Bitran; page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4, page 18, paragraph 1, page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2), the method comprising the steps of:

obtaining data relating to a plurality of different claims for a plurality of episodes of care relating to a plurality of conditions based on diagnoses of the healthcare provider for a plurality of different patients during a period of time, each different claim identifying the patient to which the claim corresponds (Spiro; see at least Abstract, Figure 1, Item 22, Figure 2, Items 22 and 24, Figures 4-9, column 2, line 46 to column 3, line 30, column 4, line 29 to column 5, line 5, column 5, line 20 to column 7, line 26, column 8, line 50 to column 11, line 5), (Bitran; page 30, paragraph 6 to page 31, paragraph 1, page 38, paragraphs 2-3);

wherein a portion of the monetary incentive is retained by the incentive administrator (Bitran; page 13, paragraph 4 to page 14, paragraph 3, page 15, paragraphs 3-5, page 27, lines 17-28, paragraph 28, paragraph 1-2, page 37, paragraph 3).

The remainder of claim 18 is rejected for the same reasons given in the prior Office Action (paper number 8, section 7, pages 11-12), and incorporated herein.

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 in the prior Office Action (paper number 8) and incorporated herein.

(C) Claim 55 has been amended to include the recitation of

- "[...] as determined by an incentive administrator and payable by a payer" at line 2 in the preamble;
- "[...] as diagnosed by the physician [...]" at line 7;
- "[...] means for determining a first percentage of the monetary incentive to be paid to the physician and a second percentage of the monetary incentive to be retained by the incentive administrator [...]" at lines 14-16.

As per these new limitations, Spiro and Bitran teach a method, as analyzed and disclosed in the previous Office Action (paper number 8), further comprising:

an apparatus for determining an amount of a monetary incentive, as determined by an incentive administrator and payable by a payer to a physician responsible for treatment decisions of a patient with a condition during an episode of care (Spiro; see at least Figure 1, Figure 5, column 2, lines 8-55, column 3, lines 11-21, column 6, lines 42-49, column 8, line 36 to column 9, line 9), (Bitran; page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4, page 18, paragraph 1, page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2);

means for inputting data including the patient identity and the condition of the patient as diagnosed by the physician (Spiro; column 2, lines 38-55, column 3, lines 11-21, column 8, line 36 to column 9, line 9), (Bitran; page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4, page 18, paragraph 1, page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2); and

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means for determining a first percentage of the monetary incentive to be paid to the physician and a second percentage of the monetary incentive to be retained by the incentive administrator (Bitran; page 13, paragraph 4 to page 14, paragraph 3, page 15, paragraphs 3-5, page 27, lines 17-28, paragraph 28, paragraph 1-2, page 37, paragraph 3).

The remainder of claim 55 is rejected for the same reasons given in the prior Office Action (paper number 8, section 7, page 15), and incorporated herein.

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 in the prior Office Action (paper number 8) and incorporated herein.

(D) Claims 2-3, 5-13, 19-24, 26-28 have been amended to include the recitation of "computer-implemented" in the preamble.

As per these new limitations, Spiro and Bitran teach a "computer-implemented" method, as analyzed and disclosed above in claims 1 and 18, and are therefore rejected for the same reasons given for claims 1 and 18.

The remainder of claims 2-3, 5-13, 19-24, 26-28 is rejected for the same reasons given in the prior Office Action (paper number 8, section 7, pages 7-15), and incorporated herein.

(E) Claim 4 has been amended to include the recitation of "computer-implemented" in the preamble and "wherein the incentive administrator is identical to the incentive administrator, and the step of determining determines a further monetary incentive to provide to the incentive administrator if the total treatment cost is less than the baseline value," in lines 3-5.

As per these new limitations, Spiro and Bitran teach a "computer-implemented" method, as analyzed and disclosed above in claim 1, wherein the incentive administrator is identical to the

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incentive administrator, and the step of determining determines a further monetary incentive to provide to the incentive administrator if the total treatment cost is less than the prespecified cost containment goals (reads on baseline value) (Bitran; see at least page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4, page 18, paragraphs 1 and 3, page 24, paragraph 5, page 27, lines 17-28, page 28, paragraphs 1-2, page 29, paragraph 2, page 35, lines 13-19, page 37, paragraph 3), (Spiro; column 2, lines 8-22, column 2, line 47 to column 3, line 30, column 6, lines 42-49, column 7, lines 15-26).

(F) Claim 55 differs from method claim 1 by reciting “an apparatus for determining an amount of a monetary incentive to provide to a physician responsible for treatment decisions of a patient with a condition during an episode of care” in the preamble. As per this limitation, Spiro and Bitran clearly disclose their inventions to be implemented on a computer (reads on apparatus) (Spiro; column 9, lines 35-67, column 11, lines 17-42). The remainder of claim 55 repeats the limitations of claim 1, and is therefore rejected for the same reasons given above for claim 1.

The motivations for combining the respective teachings of Spiro and Bitran are as given in the rejection of claim 1 above, and incorporated herein.

(G) As per newly added claims 56-57, Spiro and Bitran teach a computer-implemented method as analyzed and discussed in claims 1 and 18 above, further comprising the step of:

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identifying a plurality of physicians who ordered procedures for the patient (Spiro; see at least Abstract, Figure 1, Item 22, Figure 2, Items 22 and 24, Figures 4-9, column 2, line 46 to column 3, line 28, column 9, line 30 to column 10, line 11);

identifying a defining procedure for the condition if the defining procedure exists (Spiro; column 5, lines 39-46, column 8, line 50 to column 11, line 5);

assigning as the responsible provider that physician who performed the defining procedure if the defining procedure exists (Spiro; column 5, lines 39-46, column 8, line 50 to column 11, line 5); and

if the defining procedure does not exist, then assigning as the responsible provider that physician who was responsible for incurring a predetermined percentage of costs for the episode of care (Spiro; column 5, lines 39-46, column 8, line 50 to column 11, line 5).

(H) Newly added claim 58 differs from method claim 19 by reciting “an apparatus” in the preamble. As per this limitation, Spiro and Bitran clearly disclose their inventions to be implemented on a computer (reads on apparatus) (Spiro; column 9, lines 35-67, column 11, lines 17-42). The remainder of claim 58 repeats the limitations of claim 19, and is therefore rejected for the same reasons given above for claim 19.

9. Claims 14-17, 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 and Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL:

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<<http://www.phrplus.org/Pubs/hfsmar1.pdf>>, hereinafter known as Bitran as applied to claim 1 above, and further in view of Seare, U.S. Patent Number 5, 557, 514.

(A) Claim 14 has been amended to include the recitation of "computer-implemented" in the preamble and "are executed in ... network coupling a first computer system operated by the incentive administrator to a second computer system operated by the payer and a third computer system operated by the healthcare provider" in lines 3-5.

As per these new limitations, Spiro, Bitran and Seare teach a "computer-implemented" method, as analyzed and disclosed above in claim 1 wherein the steps are executed in a computer network coupling a first computer system operated by the incentive administrator to a second computer system operated by the payer and a third computer system operated by the healthcare provider (Spiro; column 9, lines 35-67, column 11, lines 17-42), (Seare, column 30, line 65 to column 31, line 16).

The remainder of claim 14 is rejected for the same reasons given in the prior Office Action (paper number 8, section 7, page 11), and incorporated herein.

The motivations for combining the respective teachings of Spiro, Bitran and Seare are as given in the rejection of claims 1 and 17 in the prior Office Action (paper number 8) and incorporated herein.

(B) Claims 15-16 have been amended to include the recitation of "computer-implemented" in the preamble.

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As per these new limitations, Spiro, Bitran and Seare teach a "computer-implemented" method, as analyzed and disclosed above in claim 1, and are therefore rejected for the same reasons given for claim 1.

The remainder of claims 15-16 is rejected for the same reasons given in the prior Office Action (paper number 8, section 7, page 11), and incorporated herein.

(C) Claims 17, 30 have been amended to include the recitation of "computer-implemented" in the preamble.

As per these new limitations, Spiro, Bitran and Seare teach a "computer-implemented" method, as analyzed and disclosed above in claims 1 and 18, and are therefore rejected for the same reasons given for claims 1 and 18.

The remainder of claims 17, 30 is rejected for the same reasons given in the prior Office Action (paper number 8, section 8, pages 16-17), and incorporated herein.

10. Claim 25 is rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 and Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <<http://www.phrplus.org/Pubs/hfsmar1.pdf>>, hereinafter known as Bitran as applied to claim 18 above, and further in view of Cave, U.S. Patent Number 5, 970, 463 for substantially the same reasons given in the previous Office Action (paper number 8). Further reasons appear below.

(A) Claim 25 has been amended to include the recitation of "computer-implemented" in the preamble.

As per these new limitations, Spiro, Bitran and Cave teach a "computer-implemented" method, as analyzed and disclosed above in claim 18, and are therefore rejected for the same reasons given for claim 18.

The remainder of claim 25 is rejected for the same reasons given in the prior Office Action (paper number 8, section 9, pages 17-18), and incorporated herein.

11. Claim 29 is rejected under 35 U.S.C. 103(a) as being unpatentable over Spiro, U.S. Patent Number 5, 819, 228 and Bitran, et al, Provider Incentives and Productive Efficiency in Government Health Services document, September, 1992. URL: <<http://www.phrplus.org/Pubs/hfsmar1.pdf>>, hereinafter known as Bitran as applied to claim 18 above, and further in view of Official Notice for substantially the same reasons given in the previous Office Action (paper number 8). Further reasons appear below.

(A) Claim 29 has been amended to include the recitation of "computer-implemented" in the preamble.

As per these new limitations, Spiro and Bitran teach a "computer-implemented" method, as analyzed and disclosed above in claim 18, and are therefore rejected for the same reasons given for claim 18.

The remainder of claim 29 is rejected for the same reasons given in the prior Office Action (paper number 8, section 10, pages 18-19), and incorporated herein.

Response to Arguments

12. Applicant's arguments filed 21 June 2004 and 3 August 2004 have been fully considered but they are not persuasive. Applicant's arguments will be addressed hereinbelow in the order in which they appear in the responses filed 21 June 2004 and 3 August 2004.

(A) At page 11 of the 3 August 2004 response Applicant requests "that the resubmitted Listing of Claims be made part of the official record in the present application." However, Applicant does not state that this listing of claims replaces all previous listings of claims. Furthermore, in the 3 August 2004 response Applicant makes no mention of newly added claims 56-58, which had been mentioned in Applicant's 21 June 2004 response. For the purpose of finding art, Examiner assumes that the 3 August 2004 "Listing of Claims" replaces all previous listing of claims. Applicant is respectfully requested to correct this omission.

(B) At page 12 of the 21 June 2004 response Applicant states that claim 55 "remains unamended and original," however Examiner notes that this claim has been amended in both responses, filed 21 June 2004 and 3 August 2004.

(C) At pages 12-13 of the 21 June 2004 response Applicant argues the rejections made under 35 USC §101 of claims 1-13 and 18-30 and argues that the amendments to these claims "clearly and definitely require the used of the technological arts through reference to a computer," which overcomes the 35 USC §101 rejection. Examiner respectfully disagrees. As to

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technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble. In the present case, none of the recited steps are directed to anything in the technological arts as explained above with the exception of the recitation in the preamble of a “computer-implemented method.” Looking at the claim as a whole, nothing the body of the claim recites any structure or functionality to suggest that a computer performs the recited steps. Therefore, the preamble is taken to merely recite a field of use, and as such, the rejections made under 35 USC §101 is maintained.

At pages 13-17 of the 21 June 2004 response Applicant argues that the features in the Application are not taught or suggested by the applied references. In response, all of the limitations which Applicant disputes as missing in the applied references, including the newly added features in the 21 June 2004 response amendment, have been fully addressed by the Examiner as either being fully disclosed or obvious in view of the collective teachings of Spiro, Bitran, Seare, and Cave, based on the logic and sound scientific reasoning of one ordinarily skilled in the art at the time of the invention, as detailed in the remarks and explanations given in the preceding sections of the present Office Action and in the prior Office Action (paper number 8), and incorporated herein. In particular, Examiner notes that the recited features of determining a monetary incentive to pay to a healthcare provider who decides a course of treatment for a patient with a condition during an episode of care are taught by the combination of applied

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references. In particular, please note (Spiro; Abstract, Figure 1, Figure 2, column 2, lines 38-55, column 3, lines 11-45, column 4, line 29 to column 7, line 3, column 8, line 36 to column 11, line 5), (Bitran; page 13, paragraph 3 to page 15, paragraph 5, page 16, paragraph 4, page 18, paragraph 1, page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2, page 30, paragraph 6 to page 31, paragraph 1, page 38, paragraphs 2-3) as specifically applied in the rejections given above and incorporated herein.

With regard to Applicant's argument in lines 3-7 of page 14 of the 21 June 2004 response that in the Spiro reference "the recipients of the incentive are radiologists" and that "the providers are not decision-makers charged with deciding a course of treatment for a patient," Examiner respectfully disagrees, and notes that Spiro's providers must "appropriately diagnose the patient," (see Spiro, column 2, lines 49-54) and that "[i]n another embodiment ...the same methodology of payment can be used for health care providers in the diagnosis or treatment of specific diseases, such as heart disease, diabetes, breast cancer, etc." (see Spiro, column 3, lines 23-29). Examiner interprets these recitations as teaching decision-makers charged with deciding a course of treatment for a patient. Furthermore, Examiner respectfully notes the definition of a radiologist as a "medically qualified doctor who specializes in the use of imaging techniques (X-rays, Ultrasound, CT, MR, fine needle biopsy etc) for diagnosis (diagnostic radiologist) or one who specializes in the use of imaging techniques in assisting treatment, for example in inserting catheters into blood vessels, in choking the blood supply of a tumor by injection of a type of glue etc. (interventional radiologist)."(See The On-line Medical Dictionary : URL: <<http://cancerweb.ncl.ac.uk/cgi-bin/omd?radiologist>>)."

At pages 14-17 of the 21 June 2004 response, Applicant argues the applied references separately and argues each of the references individually. In response to Applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed Cir. 1986). In addition, the test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference; nor is it that the claimed invention must be expressly suggested in any one or all of the references. Rather, the test is what the combined teachings of the references would have suggested to those of ordinary skill in the art. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981). In particular, as demonstrated in the rejections of newly amended claims 1-30 and 55, and in newly added claims 56-58 above, the combined cited references of Spiro, Bitran, Seare, and Cave, teach providing a medical incentive as determined by an incentive administrator, payable by a payer to a healthcare provider who decides a course of treatment for a patient with a condition during an episode of care (Bitran; see at least page 13, paragraph 4 to page 14, paragraph 3, page 15, paragraphs 3-5, page 27, lines 17-28, page 28, paragraph 1-2, page 37, paragraph 3).

With regard to Applicant's argument At page 15, lines 8-12 of the 21 June 2004 response that Spiro does not teach or suggest "an incentive administrator", as recited in independent claims 1, 18, and 55, Examiner respectfully notes that it was the Bitran reference that was used for these limitations (Bitran; see at least page 27, lines 17-28, page 28, lines 1-15, page 35, lines 13-19).

With regard to Applicant's argument at page 15, lines 17-18 of the 21 June 2004 response that Bitran "does not address the availability or use of targeted incentives," Examiner respectfully notes that these limitations were not recited in the claim language.

With regard to Applicant's argument at page 15, lines 19-27 of the 21 June 2004 response that "the Bitran paper does not teach or suggest the creation of an episode of care..." and that "the cited passages of Bitran (i.e. pages 18, 24, and 29) do not teach or suggest the element of determining a baseline value..." Examiner respectfully notes that it was the Spiro reference that was used to show the teaching of these limitations. For example, Spiro teaches associating a relative value unit (reads on baseline value) related to treatment of the condition to the episode of care (Spiro; column 2, line 47 to column 3, line 30, column 7, lines 15-26). Bitran does teach, however, determining a monetary incentive to provide the provider if the total treatment cost is less than the prespecified cost containment goals, which Examiner interprets to read on baseline value (Bitran; see at least page 18, paragraph 3, page 24, paragraph 5, page 29, paragraph 2).

At page 16 of the 21 June 2004 response, Applicant argues that there is no suggestion to combine the references. In response to Applicant's argument, the Examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of

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ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

Furthermore, the Examiner recognizes that references cannot be arbitrarily altered or modified and that there must be some reason why one skilled in the art would be motivated to make the proposed modifications. And although the motivation or suggestion to make modifications must be articulated, it is respectfully submitted that there is no requirement that the motivation to make modifications must be expressly articulated within the references themselves. References are evaluated by what they suggest to one versed in the art, rather than by their specific disclosures, *In re Bozek*, 163 USPQ 545 (CCPA 1969).

The Examiner is concerned that the Applicant apparently ignores the mandate of the numerous court decisions supporting the position given above. The issue of obviousness is not determined by what the references expressly state but by what they would reasonably suggest to one of ordinary skill in the art, as supported by decisions in *In re Delisle* 406 Fed 1326, 160 USPQ 806; *In re Kell, Terry and Davies* 208 USPQ 871; and *In re Fine*, 837 F.2d 1071, 1074, 5 USPQ 2d 1596, 1598 (Fed. Cir. 1988) (citing *In re Lalu*, 747 F.2d 703, 705, 223 USPQ 1257, 1258 (Fed. Cir. 1988)). Further, it was determined in *In re Lamberti et al* 192 USPQ 278 (CCPA) that:

- (i) obvious does not require absolute predictability;
- (ii) non-preferred embodiments of prior art must also be considered; and
- (iii) the question is not express teaching of references but what they would suggest.

According to *In re Jacoby*, 135 USPQ 317 (CCPA 1962), the skilled artisan is presumed to know something more about the art than only what is disclosed in the applied references. In *In*

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re Bode, 193 USPQ 12 (CCPA 1977), every reference relies to some extent on knowledge of persons skilled in the art to complement that which is disclosed therein. In *In re Conrad* 169 USPQ 170 (CCPA), obviousness is not based on express suggestion, but what references taken collectively would suggest.

In the instant case, the Examiner respectfully notes that each and every motivation to combine the applied references is accompanied by select portions of the respective reference(s) which specifically support that particular motivation. As such, it is NOT seen that the Examiner's combination of references is unsupported by the applied prior art of record. Rather, it is respectfully submitted that explanation based on the logic and scientific reasoning of one ordinarily skilled in the art at the time of the invention that support a holding of obviousness has been adequately provided by the motivations and reasons indicated by the Examiner, *Ex parte Levengood* 28 USPQ 2d 1300 (Bd. Pat. App. & Inter., 4/22/93).

Moreover, Applicant apparently ignores the evidence given by the Examiner, namely, recitations of specific portions of the applied reference, express articulation of the combinations and the motivations for combinations, as well as the scientific and logical reasoning of one skilled in the art at the time of the invention, as given in the prior Office Action (paper number 8) and in the present communication. It is noted that in the previous Office Action, each and every claimed limitation was carefully analyzed and addressed in a detailed manner encompassing nine different sections over twenty pages of text (see paper number 8, sections 2-10, pages 2-21).

As such, it is respectfully submitted that Applicant appears to view the applied references separately and in a vacuum, without considering the knowledge of average skill in the art, and further fails to appreciate the breadth of the claim language that is presently recited.

Conclusion

13. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a).

Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

14. **Any response to this final action should be mailed to:**

Box AF

Commissioner of Patents and Trademarks
Washington D.C. 20231

or faxed to:

(703) 305-7687.

For formal communications, please mark "EXPEDITED
PROCEDURE".

For informal or draft communications, please label
"PROPOSED" or "DRAFT" on the front page of the
communication and do NOT sign the communication.

Hand-delivered responses should be brought to Crystal
Park 5, 2451 Crystal Drive, Arlington, VA, Seventh Floor
(Receptionist).

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15. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Natalie A. Pass whose telephone number is (703) 305-3980. The examiner can normally be reached on Monday through Thursday from 9:00 AM to 6:30 PM. The examiner can also be reached on alternate Fridays.


16. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas, can be reached at (703) 305-9588. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703) 308-1113.

17. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Natalie A. Pass

September 20, 2004



JOSEPH THOMAS
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600